

11/8/77 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 11/8/77 [1]; Container 50

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

THE PRESIDENT'S SCHEDULE

Tuesday - November 8, 1977

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

10:00 Mr. Jody Powell - The Oval Office.

10:30 Honorable Golda Meir, Former Israeli
(30 min.) Prime Minister. (Dr. Zbigniew Brzezinski).
The Oval Office.

11:30 Vice President Walter F. Mondale,
Admiral Stansfield Turner, and
Dr. Zbigniew Brzezinski - The Oval Office.

12:20 Interview with BBC. (Mr. Jody Powell).
(10 min.) The Oval Office.

12:30 Lunch with Mrs. Rosalynn Carter - The Oval Office.

9:00 Energy Speech to the Nation - The Oval Office.

11/8/77

Joint Resolution

THE WHITE HOUSE
WASHINGTON

ALCAN PROJECT-

36 B CF/D

Largest single energy / all

25. B yrs - saves \$6 B

one step - long journey

Tonight

Gas = 25% This 5%

1% one nation

US & Canada Toward Trunk

Jackson - Hall - Staggers -
Dingell - Roncalio

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Nov. 8, '77

Tim
Let's have
this first session
with a small
group. If anyone
insists on an
expert, let me
know

Mr. President:

Stu and I need your guidance on attendance at the meeting with you on National Health Insurance, tomorrow afternoon.

- 1) Secretaries Califano, Blumenthal, Marshall, and Kreps have been invited. Should they bring any staff with them?

 permissible

✓no

- 2) The Vice President, Charlie Schultze, Jim McIntyre, and Peter Bourne are invited. Staff?

 yes

✓no

- 3) Stu would like to bring three members of his staff -- Bert Carp, Joe Onek, Robert Havelly -- who are, according to Stu, "very much involved" in the issue.

 yes

✓no

Electrostatic Copy Made
for Preservation Purposes

TK

THE PRESIDENT HAS SEEN.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

November 8, 1977

C
1

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB GINSBURG

SUBJECT: Comprehensive Income Taxation
Joseph A. Pechman (Editor)

(Prepared at your request)

BACKGROUND

In December 1976, Brookings sponsored a conference of tax experts on the subject of comprehensive income taxation, i.e., the idea that the tax base should be broadened by taxing substantially all forms of economic income alike and that the revenue generated should be used to lower tax rates substantially. The attached book consists of the background papers presented to the conference on the major issues by various tax experts, comments on the papers by designated participants, and a summary of the conference discussion of the issues.

The papers and the discussion focused on the question of what is the right tax and economic policy on a particular issue and not on the political salability of that policy. This memorandum sets out the kind of comprehensive income tax system generally (there would be some disagreement on almost every item) envisioned by the participants in the conference.

A COMPREHENSIVE INCOME TAX SYSTEM

A. The Comprehensive Income Base

The concept of comprehensive income would include virtually all the items presently included in adjusted gross income (AGI) under current tax law plus the following:

1. All realized capital gains. Under current tax law, one half of long-term capital gains are excluded from AGI.

- (a) An ideal comprehensive income tax would include capital gains or losses on an accrual rather than a realization or sale basis, i.e., at the end of the year the appreciation on a stock or property would be taxed (and any loss deducted) even though the stock or property has not been sold--this procedure would eliminate the interest-free Government loan which is inherent in deferring tax on property which has appreciated in value. However, most tax experts believe accrual taxation of capital gains would lead to extreme administrative difficulties, particularly for assets that have no readily ascertainable market value.
 - (b) The argument is frequently made that elimination of the capital gains preference will discourage desirable risk-taking. The author of the paper on capital gains concluded, however, that liberalizing the provisions for deducting capital losses is at least as effective a stimulus to risk-taking as are the tax preferences for capital gains, partly because losses are more prevalent on truly risky ventures than are gains. (The tax reform proposals made to you would permit the taking of losses in full on assets other than marketable securities and would increase the present loss limitation on marketable securities from \$3,000 to \$10,000.)
- 2. Constructively realized capital gains. This refers to the accrued appreciation on property that is not sold but changes hands at death or by gift.
 - 3. All dividend income. Current law excludes the first \$100 (\$200 on a joint return) of dividend income from AGI.
 - 4. Municipal bond interest.
 - 5. The interest buildup on life insurance and annuity contracts.
 - 6. Imputed rent on homes. The owner of a home in effect pays rent to himself. In the ideal tax base, this rent would be treated as income (just like rent received by actual landlords or interest received by owners of bonds). Imputed rent would be calculated

by taking the gross rental value of the home and deducting the expenses of operation and maintenance (including depreciation, repairs, interest paid on mortgages, and property taxes). Imputed rent is taxed in the Scandinavian countries and in Germany. However, the participants in the conference regarded the taxation of imputed rent as impractical because of the immensely complicated administrative (let alone political) problems it would create--one of the participants characterized the taxation of imputed rent as the last step on the stairway to the paradise of a comprehensive income tax.

7. Employee fringe benefits, including employer-paid health and life insurance premiums, prepaid legal insurance, and vested pension contributions (including the interest earned on the contributions).
8. Unemployment compensation benefits.
9. Social Security payments (in excess of the related employee contributions).
10. Veterans' benefits and workmen's compensation.
11. All transfer payments (ADC, SSI, general assistance, and the bonus value of food stamps). The theory is that the personal exemption and standard deduction will shield the poor who receive these benefits from taxation.

Of the items listed above, the tax reform proposals made by Treasury or the Domestic Policy Staff (or both) cover 1, 2, 3, 5, 7 (to a very limited extent), and 8; neither Treasury nor the Domestic Policy Staff recommended trying to tax the other items.

B. Personal Deductions

A comprehensive income tax system would eliminate or curtail the following personal deductions:

1. All personal (non-business or non-income producing) interest, including mortgage interest and interest on consumer loans, would be eliminated. (If the imputed rent of homeowners were included in the income tax base, mortgage interest as well as property taxes would be deducted directly as a cost of producing

that income.) The author of the paper on homeowner preferences noted that these are truly upside-down subsidies--the greater the need, the smaller the subsidy. For example, for a family with taxable income over \$200,000 and a 70% marginal rate, the Treasury in effect pays \$70 of every \$100 of mortgage interest; and for a family with \$15,000 of taxable income and a 25% marginal rate, the Treasury pays only \$25 of each \$100 of mortgage interest.

Under the present system, two families with vastly different incomes could have mortgages of equal value, with the wealthy family receiving a subsidy for its mortgage interest payments more than twice as great as that received by the middle income family. (A credit instead of a deduction for mortgage interest would remove this inequity between homeowners but not the basic inequity between the renter, who gets no deduction at all, and the homeowner.)

It was noted that while other Federal housing programs have upper limits either on the income of the recipient, the size of the subsidized mortgage, or the value of the housing unit, homeowner preferences extended through the tax system have no limits at all.

2. All state and local taxes (including income, property, sales, and gasoline) would be eliminated. Although a theoretically pure comprehensive income tax would perhaps eliminate the deduction for all state and local taxes, it should be noted that there is considerable (probably majority) support among the tax experts for retention of the deductibility of state and local income taxes.
3. Charitable contributions. Only contributions in excess of a percentage floor (say 3% of AGI) would remain deductible.
4. Medical expenses. A comprehensive income tax system would probably raise the existing 3% floor on medical expense deductions. However, there was no suggestion to eliminate the deduction altogether because medical expenses represent largely an involuntary expenditure and may significantly reduce real income and the ability to pay taxes.

Of the items listed above, the tax reform proposals made by Treasury or the Domestic Policy Staff (or both) cover 1 (to a very minor extent), 2 (except for income and property taxes), and 4; neither Treasury nor the Domestic Policy Staff recommended trying to limit 3.

C. The Results of a Comprehensive Income Tax System

The comprehensive income tax system would increase total revenues by more than \$110 billion (or over 70%). The system is neutral with respect to the distribution of tax burdens. Obviously, substantial rate adjustments would be made possible by the additional revenues. Rate schedules could be redesigned so as to have virtually any desired effect on progressivity.

Comprehensive income taxation per se would probably not provide great advances in simplification, although the elimination or reduction of some of the itemized deductions would make the filing of returns simpler for many taxpayers.

Attachment

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 8, 1977

MEMORANDUM FOR THE PRESIDENT

Electrostatic Copy Made
for Preservation Purposes

FROM: Jack Watson *Jack*
Greg Schneiders *GS*

SUBJECT: STATUS REPORT ON DISASTERS
IN GEORGIA AND NORTH CAROLINA

You received a telegram from Governor George Busbee yesterday informing you of his appointment of a task force on dam safety consisting of the appropriate Georgia state officials. The Governor has asked the task force to conduct an investigation into the underlying causes of the disaster at Kelly Barnes lake dam and recommend longer-range steps to minimize the possibility of such future dam failures. (As you probably know, Kelly Barnes lake dam was a private dam on private property; preliminary assessments indicate that the dam was badly oversaturated, and that it had not been inspected in some time.) Governor Busbee's telegram asked that you make appropriate federal personnel and resources available to assist in the investigation.

I have already discussed the matter with Norman Underwood and Frank Press, and arranged for Phil Smith, Frank Press's Deputy, Bruce Tschantz, an expert on dam safety from the University of Tennessee who has been consulting with Frank on Frank's dam safety study, and Colonel Frank Walter, Director of the Corps of Engineers' district office in Georgia to meet with the Governor and Norman today at 2 p.m. The Corps of Engineers will be the primary resource in conducting the investigation.

The President's Reorganization Project Federal Emergency Preparedness and Response Study, which Greg is directing, is giving attention to disaster mitigation in general and dam safety in particular. They will be making a recommendation by March 1.

As you know, Greg was in Toccoa on Sunday and Monday and the federal agencies involved are coordinating well with a highly proficient state and local emergency team. We will continue to monitor the Toccoa recovery effort and keep you informed.

I also spoke last night with Governor Jim Hunt of North Carolina. Jim's preliminary assessment of the situation is that there are nine dead; approximately 1,000 people displaced from their homes; 80 bridges completely washed out, nine of them on main roads, and several thousand people out of work (I understand that one major manufacturing facility which employed 3,000 people has been completely flooded out). Although there are between 20 to 30 counties affected, 8 western counties appear to be the hardest hit.

Roy Smith, out of FDAA's Atlanta Regional Office, was with Governor Hunt all day yesterday and last night assisting in the gathering of the necessary data for submission of the Governor's request for emergency assistance. We have people in the 8 western counties making assessments today and will be able to respond to Jim Hunt's request for a declaration as promptly as we did Georgia's.

12:20 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

November 7, 1977

To: The President

From: Jody Powell

Re: BBC Interview 

A BBC film crew will interview you on Tuesday, November 8, at 12:20 p.m. in the Oval Office -- just prior to your lunch with Mrs. Carter. The subject of the interview is Mrs. Carter, her role in the administration and your partnership with her throughout your marriage.

BBC has been filming Mrs. Carter over a period of three weeks for a one-hour special about her which will air in Great Britain in February, 1978.

The interview will take ten minutes. You will be seated in one of the chairs facing your desk. Mrs. Carter will join you near the end of the interview.

Lunch still begins at 12:30 p.m., and will be served near the Oval Office fireplace. The BBC will film you both at lunch, with sound, for the first two minutes of the luncheon.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

November 8, 1977

Frank Moore
Tim Kraft
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Jody Powell
Jack Watson
Jim McIntyre

SIGNING CEREMONIES - ALCAN

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	✓	MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
✓		MOORE
	✓	POWELL
	✓	WATSON
	✓	McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
✓	HUTCHESON
	JAGODA
	GAMMILL

✓	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 7, 1977

ok -
ALCAN tomorrow -
just after lunch
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

In the next week, there are several bills awaiting your signature which warrant a signing ceremony for various reasons. I have listed these bills below along with the justification for signing them in ceremony.

APPROVE

✓

DISAPPROVE

1. Alcon Alaska Pipeline. We would need to sign tomorrow. This bill was the first energy-related bill passed by your administration and signifies a first step toward energy independence. However, in spite of this new source of oil, it is a very small step when compared to the magnitude of the total energy problem. If this bill were signed in ceremony tomorrow, we would get press coverage on the evening news which would provide a good lead-in to your energy speech. The ceremony could be small and in the Cabinet Room.

2. Federal Mine Safety and Health Amendments Act of 1977. (Must be signed by Wednesday, November 9) This bill establishes a single comprehensive safety and health law applicable to all mining activity. It would also transfer the Mining Enforcement and Safety Administration from Interior to Labor.

Wed ok

The Department of Labor strongly recommends a signing ceremony on this bill. The legislation can be seen as a vital component of your program for increased U.S. energy independence which will depend, in large measure, on increased production of our fossil fuel resources.

This bill could be signed in conjunction with the following two bills:

3. The School Lunch and Child Nutrition bill. You will be the first of the last three Presidents to sign a child nutrition bill. President Nixon never signed one and President Ford vetoed one even though it had passed the House by over 400 votes.

Child nutrition has been one of Senator Humphrey's causes over the years and his office has requested a ceremony largely in honor of Humphrey's years of efforts. This bill could be jointly signed or we could arrange a very small ceremony in the Oval office.

3. Aviation All-Cargo Deregulation Bill. Both Stu and I agree that this bill merits a public signing for the following reasons:

a. It would give you a chance to declare a transportation deregulation victory.

b. It would give you a great opportunity to bring public attention to the airline deregulation issue and to make the point that Congress has seen fit "to do it" for cargo, and now it's time to do the same for travelers.

c. Finally, it would provide the President with the occasion to praise Senator Cannon for his efforts and to ever so subtly lean on Glenn Anderson to "get with it" on the regulatory reform measure.

Approve Joint Signing _____ ✓

Disapprove _____

Approve Individual Signing for Humphrey Nutrition Bill _____ ✓

Disapprove _____

cc: Jody Powell
Tim Kraft

A handwritten signature, possibly "J", is written in dark ink.

Electrostatic Copy Made
for Preservation Purposes


THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 8, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, GRIFFIN SMITH 



SUBJECT: Alcan Project Signing

1. You are pleased to sign this joint resolution, because it authorizes an energy measure that is imaginative, environmentally sound, and sensitive to the needs of consumers.

The Alcan Project may ultimately deliver up to 3.6 billion cubic feet of gas per day to the United States and Canada. As you noted in your September statement with Prime Minister Trudeau, it is the largest single private energy project in history. Over the 25-year life of the project it will save American consumers \$6 billion over the alternative route.

But the elation which we all feel today must be tempered with the sobering realization that it is just one step in what will certainly be a long journey.

2. We can get some idea of the scope of our energy problems if we realize this immense project will, at best, increase our natural gas supplies by only five per cent. And natural gas itself accounts for only a quarter of our total energy consumption. So when we say this is the largest private energy project in history, we are still talking about only a little over one per cent of the energy needs of one nation.



Tonight you will be discussing with the American people the scope of this challenge and the consequences of our failure to act.

3. You want to thank the members of the Cabinet who collaborated on the selection of the Alcan route. And you want also to commend the Congress for acting so swiftly in approving it. Specifically you want to thank:

- Scoop Jackson, the Floor Leader in the Senate;
- House Committee Chairman "Mo" Udall and Harley Staggers;
- House Subcommittee Chairmen John Dingell and Tino Roncalio.

Finally, you want to ask Ambassador Towe to tell Prime Minister Trudeau how pleased you are that this exercise in creative partnership is now under way. The Alcan project is a physical manifestation of the emotional ties that bind together Americans and Canadians.

4. When you and your audience leave this ceremony, it will be with the knowledge that there is much more to be done in meeting the threats posed by the energy crisis. But you leave also with the hope that future steps will be as far-sighted and realistic and effective as this one.

1:45 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 8, 1977

BILL SIGNING

H.J. RES. 621 - ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Tuesday, November 8, 1977

1:45 p.m. (15 Minutes)

The Cabinet Room

From: Frank Moore

I. PRESS PLAN

Open Press Coverage

II. TALKING POINTS

Submitted by Dr. Schlesinger

III. PARTICIPANTS

The President

The Vice President

Cabinet

Jim Schlesinger
Cecil Andrus, will try
Brock Adams, will try
Mike Blumenthal, will try
Jim McIntyre, will try
Doug Costell
Chuck Warren

Electrostatic Copy Made
for Preservation Purposes

Senate

Mike Gravel
Ted Stevens
Lee Metcalfe
Floyd Haskell

House

Harley Staggers
John Dingell
Tim Lee Wirth

Toby Moffett
Phil Sharp

Charles Curtis, Chairman, Federal Energy Regulatory Commission
Don Smith, Federal Energy Regulatory Commission

The Honorable Peter Towe, Canadian Ambassador

John McMillian, Alcon Corporation

THE WHITE HOUSE
WASHINGTON

November 8, 1977

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and for forwarding to Sec. Brown.

Rick Hutcheson

cc: Jody Powell

RE: "ISSUES AND ANSWERS" TRANSCRIPT

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

cc Harold Brown

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
	<input checked="" type="checkbox"/>	POWELL
		WATSON
		McINTYRE
		SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
	<input checked="" type="checkbox"/>	BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

OFFICE OF THE SECRETARY OF DEFENSE

11/7
Memo For the President

Here is the transcript
of yesterday's "Issues
and Answers" program,
as I promised this morning.

Respectfully,
Harold Brown

Secretary of Defense Harold Brown
Interviewed on ABC's "Issues and Answers"
Sunday, November 6, 1977

To Harold
Very good
J.C.

cc Jody - (see p 7)

JC

Moderator: Secretary of Defense Harold Brown, here are the issues: Is the Soviet Union pulling ahead of the United States in overall military strength? Can the Administration win Senate ratification of a new agreement with the Russians to limit nuclear arms? Will the Korean scandal in Congress disrupt the President's plan to withdraw American troops from South Korea? The answers to these and other issues in a moment.

* * * * *

"Issues and Answers" presents a spontaneous and unrehearsed interview with the Secretary of Defense, Harold Brown, a nuclear physicist who has been Defense Department Director of Research and Engineering, Secretary of the Air Force, and former President of the California Institute of Technology. Dr. Brown will be interviewed by ABC News Pentagon Correspondent, Bill Wordham, and ABC "Issues and Answers" Chief Correspondent, Bob Clark.

Clark: Welcome to "Issues and Answers." We want to talk with you about prospects for a new Arms Limitation Agreement with the Russians, but first I'd like to get your answer to a question that is disturbing many members of Congress. Is the Soviet Union pulling ahead of the United States in overall military strength?

A: I would say not, Mr. Clark. I think that the situation is that in strategic terms -- strategic thermonuclear capabilities -- we and the Soviet have a rough parity. That is to say, we're roughly equivalent. In non-nuclear capability, in conventional arms, there are some circumstances, some situations, some capabilities, in which they are ahead and there are others in which we are ahead. The combination of geography and of arms capabilities favors us in some areas and some circumstances, them in others. Overall, I would say, again, that we are roughly comparable militarily. In everything but the military I would say the United States is substantially ahead.

Clark: You say we have rough parity in strategic weapons, I think that is a point that certainly opponents of a new SALT treaty are concentrating on. They argue that we are giving up so much to the Russians that within a few years they could be far ahead of us in intercontinental missile strength, for example, and that that advantage could make it relatively easy for them to knock out our Minuteman silos. Is that a fair assessment of the dangers that lie ahead?

A: It's not a correct estimate, I would say, of circumstances now or in the future. Let me try to put it into perspective. I believe that most, perhaps not quite all, but most of the opponents of the way the SALT strategic arms limitation negotiations have gone would say that we are roughly in parity with the Soviets in terms of strategic capability now at this time. Many of them are very concerned about the future situation and some of them believe that a SALT agreement would assure Soviet numerical superiority, military superiority, and in a politically usable way. I don't think that's the case myself. I believe that we shouldn't yet draw final conclusions about a SALT II agreement because there remain a great many details, important details, that have to be settled and until they're settled I would not want to make an overall military evaluation. I do think though that the way things are going there is a reasonably good chance of coming out with a SALT agreement that meets a number of criteria.

MORE

First, it would reduce the number of weapons, strategic nuclear delivery vehicles, to a lower number than it has been in the past. It would be more of a reduction for the Soviets than for the United States. It would, in a number of other ways, constrain the Soviet Union, not in every way that we would like to have them constrained, but in some important ways. It would also constrain us in some ways, but it would not prevent us from meeting our strategic needs. That is to say, it would allow us to carry out programs that we've concluded were necessary to retain the situation of rough parity. It doesn't assure that we'll do them. That depends upon what the Administration puts forward and what the Congress approves, but it allows them.

I believe that to single out one particular measure of strategic nuclear capability, as is often done -- numbers of ICBM warheads, for example, and say the Soviets would have a substantial lead in that, which they would by the way with or without an agreement, is not the way to judge such an agreement. An overall evaluation has to be made, the things in which we'd be ahead and the things in which they'd be ahead.

Wordham: Mr. Secretary, isn't it true though that with or without an agreement, to use your phrase, the Soviets will have the capacity to inflict critical damage on our Minuteman retaliatory force by the mid-1980s, isn't that generally agreed?

A: I think that it would be quite likely by some time in the early 80's, certainly by 1985, for the Soviets to have the capability to attack Minuteman in a way that would leave us very doubtful about its survival. At the same time, I think that the Soviets would not, or at least should not, be confident by that time that Minuteman would not survive; in other words, the Minuteman survival would be in doubt. But survival of Minuteman against a surprise attack is not the same thing as survival of the United States. Our deterrent consists of a number of different systems of which land-based missiles are one, but only one. A surprise attack that knocked out Minuteman but left our bombers, as it would, and our submarine-launched missiles in a circumstance where they could devastatingly retaliate against the Soviet Union, is not a war that the Soviets would have won. It's a war that both sides would have lost.

Wordham: A follow-on question to that. You raise the point that part of the retaliatory force would be a strike by -- possibly could be a strike by aircraft carrying cruise missiles. Now it's also been said by sources here in the Pentagon that one of the benefits of attacking with cruise missiles is that you could saturate Soviet air defenses by firing about, and the figure is given as 3,000, of these cruise missiles.

A: That's correct.

Wordham: Now under the SALT agreement we are not limited to 120 aircarriers, that is to say, bombers?

A: No, we are not.

Wordham: We are not limited?

A: We are not so limited. We could have as many bombers carrying air-launched cruise missiles as we wished within the overall limit of strategic nuclear delivery vehicles, which would be well over 1,000. Now, there would be a trade-off beyond some number, beyond some number like 120, between those and MIRVed ICBMs or MIRVed submarine-launched missiles, but there's no separate limit

on air-launched cruise missile carrying bombers.

Wordham: But let me ask you the question that comes out of the position I was getting to. Is it going to be possible for the United States to launch 3,000 missiles to achieve that saturation, cruise missiles?

A: It would be allowed under the agreement.

Wordham: But are we going to have the capability, sir?

A: We have a program which would produce that number sometime by the mid-1980's and yes, that would give us that capability. I think we have to distinguish between what limitations are imposed by an agreement and what limitations we impose on ourselves in order to balance one kind of force against another or to limit our total strategic effort in terms of competing demands, for example, for conventional forces in Europe, not to mention non-military requirements.

Clark: There have been reports in recent days from the SALT talks of new stumbling blocks emerging that could hurt chances for an early agreement. Is there anything in your view serious enough that it could block a new SALT treaty?

A: I wouldn't say there were new stumbling blocks. I'd say that they were old stumbling blocks not yet surmounted. I think that it'll take some time to work those out and I think that one shouldn't make a judgment on the overall agreement until after those have been worked out. I don't see any insurmountable obstacles but it takes two sides to make an agreement.

Clark: Is there a danger that you could be boxed into a corner where you have to make new concessions to the Soviets in order to get a SALT treaty and then it would be regarded as so soft by the Senate that the Senate would refuse to ratify it?

A: Hypothetically, that's a possibility. I think that this Administration has no intention of arriving at a SALT agreement that does not preserve our necessary strategic capability and therefore I don't think that's going to happen.

Clark: Some Congressional observers and head-counters in the Senate say the vote there will be so close that they're giving the treaty perhaps a 50-50 chance in the Senate. Would you be more confident than that?

A: I think that we have no intention of arriving at an agreement that does not meet our security needs and if we arrive at such an agreement, I believe that the Senate would be convinced of that and would therefore approve the treaty.

Wordham: Can I ask you a quick question about the Protocol -- we have about a minute and a half left?

A: Yes.

Wordham: the Protocol limits the range of the cruise missiles for testing and it also limits the deployment of the MX over a three-year period. If we could not test within that period of time, and if we could not deploy the MX within three years, what is the point of the Protocol?

A: Let me explain what the Protocol is, not everyone who's listening

may know. The form would be a treaty that would run until 1985 and a Protocol which deals with some of the more difficult and contentious issues that would run for three years. It would place limits on deployment and testing of certain systems during that three-year period. It would not limit air-launched cruise missiles to being tested or to being deployed providing that the range was not more than 2,500 kilometers, which, by the way, is enough through the early 1980s, I'm convinced, to be able to penetrate the Soviet defenses. It has some limits on ground-launched and submarine-launched cruise missiles which are more severe in terms of their deployment and in terms of their testing from ground or from submarines. We would not, as you say, be able to flight-test a full-scale MX during that time anyway and it is a way, in effect, of postponing a decision on these matters until we can see, in that particular case, what the follow-on agreement might look like.

Clark: We're going to take a short break here, Mr. Secretary. We'll be back in just a moment with more Issues and Answers.

* * * * *

Moderator: Our guest is Secretary of Defense Harold Brown and with me is ABC News Pentagon Correspondent, Bill Wordham.

Wordham: One very quick and fast question on SALT, Mr. Secretary, and to get back to the Protocol where we left you. Does the Protocol really achieve anything at all or is it merely a piece of wallpaper in that agreement?

A: Well, it assures the Soviets these matters will at least remain items for future negotiation in a follow-on SALT agreement. To that extent, it offers them something. To that extent, it also may be a matter of concern for us if we just fell into a situation where its provisions were extended indefinitely but there's no reason why we should do that.

Clark: Mr. Secretary, the Soviets surprised the United States this week with their proposed total ban on nuclear testing whether military or peaceful. Do you see any objections on our part to such a ban? Could it inhibit our nuclear program in anyway, for instance, such as barring further testing of the neutron bomb?

A: I wouldn't say we were surprised, Mr. Clark. We've been pressing them to adopt this position and now they have. Any agreement to ban nuclear explosive tests would cover non-military as well as military tests simply because it's not really possible to carry out non-military tests without gaining some military information and advantage. Indeed, it would inhibit the development of new nuclear weapons by both sides; that's a substantial part of its purpose. Another part would be to try to limit proliferation to other countries. We would have nuclear warheads for all the systems that we absolutely require for our security. It's always possible to adapt an existing warhead that has been designed for one weapons system to another weapons system without necessarily doing any nuclear tests. The specific case of enhanced radiation weapon, we've had a number of tests of that and therefore a ban on further nuclear tests would not prevent production of such a weapon.

Clark: So you would have no objection to simply agreeing with the Soviets on the ban without further debate, would that be it?

A: It depends again upon the details. I think this is one major

MORE

difference that has been gotten over now. There remain questions of how long the agreement runs; how long a moratorium on peaceful test would run, whether they would run concurrently; what the requirements would be for other nations to adhere if the agreement were not to self-destruct; the whole question of inspection; the whole question of automated seismic stations, etc. There are lots of details there too, but this is a major step toward an agreement.

Clark: The President yesterday, to refer to another action this past week, vetoed a bill to construct a nuclear breeder reactor on the Clinch River in Tennessee because of his concern of nuclear proliferation. That has been a very special concern of yours too, since you are a nuclear physicist and have been involved rather deeply into the development of nuclear weapons. What, I would like to ask you, could the United States be doing more to restrict the actual spread of nuclear weapons and I'm thinking of South Africa which apparently has the capability of developing nuclear weapons, or Israel, which already has a small stockpile of nuclear weapons?

A: We've worked very hard on the non-proliferation issue; enough to make ourselves pretty unpopular with some of our friends sometimes. We believe it very important to discourage other countries from acquiring nuclear weapons because that would just make the world more dangerous. Since the world is at the same time faced with a critical energy shortage, one which if we don't respond to will undermine our security in as real a way as an inferior strategic weapons position, we understand why some other countries may feel a need to explore nuclear reactor energy further. But I've looked myself fairly carefully -- this was last year when I was part of a study group that looked at this -- at the needs for plutonium breeders and I'm convinced, the Administration is convinced, that we can proceed to explore and build nuclear reactors for a period well into the future without pushing a plutonium recycle capability and it's the plutonium recycle capability that is the part of the nuclear power business that creates a danger of increased proliferation of nuclear weapons.

Clark: Have we, to your knowledge, done anything to try to persuade the Israelis to stop their development of nuclear weapons?

A: Their nuclear program is a subject of much speculation to which I don't want to add now.

Clark: But it has been confirmed by the CIA.

A: It's a subject of much speculation to which I don't want to add. We certainly have made strong representations to the Israelis along the line that their acquisition of nuclear weapons would not be a factor for stability in the Middle East and they themselves have said, as you know, that they would not be the first to introduce nuclear weapons into the Middle East.

Wordham: On this same subject, Mr. Secretary, with these other countries having this presumed capability, what would be the response of the United States if we saw Soviet-type tactical nuclear weapons being introduced in the Middle East or in areas of South Africa?

A: It would be a very destabilizing factor and I think that the Soviets have hitherto, with one notable exception, been very careful about introducing nuclear weapons into a new part of the world; a part of the world where they have not existed before. I think that would be a very serious matter and I think that we should do everything we can to avoid situations where that

MORE

might happen.

Clark: Mr. Secretary, the President accused South Korea yesterday of impeding justice in the United States by keeping Tongsun Park from testifying on his role in the Korean scandals in Congress. Are the revelations about South Korean efforts to buy influence in Congress going to have a disruptive effect on the Administration's plan to withdraw most American troops from South Korea?

A: As you know, we have a plan to withdraw U.S. ground combat forces from Korea during the next four or five years. We've made a decision to do that and we are going forward with those plans. At the same time, we have worked out, with the Koreans, a set of measures involving transfer of military equipment; certain training capability, etc., that we believe would allow them over this period to bring their readiness and capability up to a point so that they can continue to deter attack from North Korea. We think it's very important to do both of these things and it would certainly be unfortunate if the Tongsun Park case impeded the transfer of needed military equipment to Korea. It clearly is having a negative effect in Congress. I believe that we should go ahead with our plans to withdraw and we are going ahead with our plans to withdraw. And I believe that, when the time comes, the other things can be worked out.

Clark: You led the delegation to South Korea that negotiated this plan that ties direct military aid to the South Koreans to our withdrawal time table.

A: The decision to withdraw was reached and then we worked out something with the Koreans that makes them be in a better position to be able to deter under those circumstances.

Clark: My question would be, there is strong opposition growing in Congress, particularly in the House, which has been especially embarrassed by the Korean scandals, against giving certainly any large amounts of military aid to South Korea. What if they did refuse to vote that military aid? Would we still go ahead with our withdrawal time table?

A: That's too hypothetical a question for me to want to answer. We are going with our withdrawal time table. I think that in the event the Congress will agree to the measures of transfer, etc., that we think are necessary.

Wordham: I have a quick question, Mr. Secretary, as we come to a close here, on a totally different subject. Have we had any answer from the Soviet Union at all to our desire to negotiate a space arms treaty with them apropos the killer satellite problem?

A: A specific proposal for a working group to work on anti-satellite capabilities and to ban anti-satellite capabilities has been made and they have expressed interest. We don't have a specific answer because there has been no meeting to discuss this in detail yet.

Wordham: Do we have any sense of their feeling on it?

A: My guess is that they are willing to talk about it but it's far too early to say how such talks would go.

MORE

Q: Mr. Secretary, I would like to squeeze in a final question here. The new defense budget for FY 1979 is now in the final drafting stages and occpuying a good part of your time. Is it going to reflect Mr. Carter's campaign pledge to cut military spending by \$5 to \$7 billion?

A: That pledge has in fact been met. The Ford budget for FY 1978 was \$123 billion and the Carter budget, as it's finally going to come out of the Congress, will be about \$117 billion. So there will have been a reduction of \$6 billion.

Clark: But he talked about the first budget for which he would be totally responsible for, the one you're now drafting. Will there be cuts in that budget reflecting his economy pledge?

A: Yes, it probably will be less than the projected Ford budget by at least that amount.

Clark: Those are rather cheering words. Can you give us in 15 seconds some idea where those cuts are coming?

A: No, I can't in 15 seconds but the budget has to be looked at in pieces, and then overall, and we're still in that process.

Clark: I'm sorry to have put you under those time restrictions. We are now out of time. Thank you for being with us on "Issues and Answers."

E N D

THE WHITE HOUSE
WASHINGTON

November 8, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: BOARD OF TRUSTEES OF THE
WOODROW WILSON INTERNATIONAL
CENTER FOR SCHOLARS

cc: Jim Gammill

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
<input type="checkbox"/>	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input checked="" type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 7, 1977

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*
SUBJECT: Board of Trustees of the Woodrow
Wilson International Center for
Scholars

The Woodrow Wilson International Center for Scholars is part of the Smithsonian. The Board of Trustees consists of fifteen members: six government officials and nine members appointed by you. One of your appointees must be from the government, and traditionally that member has been a high level White House aide.

Stuart Eizenstat seems to be the appropriate person for this and I believe he would like to do it.

RECOMMENDATION:

Appoint Stu Eizenstat

☒ approve

☐ disapprove

Note: This is the only vacancy on the Board at present.

WOODROW WILSON INTERNATIONAL
CENTER FOR SCHOLARS

The Center, symbolizing and strengthening the fruitful relation between the world of learning and the world of public affairs, serves as a suitable, living memorial to the spirit of Woodrow Wilson. The general theme of the fellowship program adopted by the Board of Trustees reflects Woodrow Wilson's broad ideals and concerns as a scholar and statesman.

Emphasis is placed on studies of fundamental political, social, and intellectual issues designed to illuminate man's understanding of critical contemporary and emerging problems and to suggest means of resolving such problems. The chief concern of the Center is with the scholarly capabilities, promise, and achievements of the prospective fellow; the importance and originality of the proposed research; and the likelihood of the applicant being able to accomplish what he or she proposes.

THE WHITE HOUSE
WASHINGTON

November 8, 1977

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder
Stu Eizenstat
Frank Moore
Jody Powell
Jim McIntyre

E.O. - PAYMENT OF EDUCATIONAL BENEFITS
TO VETERANS AND DEPENDENTS WHEN
SCHOOLS ARE CLOSED DUE TO ENERG

THE WHITE HOUSE
WASHINGTON

11/4/77

Mr. President:

Eizenstat and Moore concur.

Rick

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
/		LIPSHUTZ
/		MOORE ET AL
/		POWELL
		WATSON
/		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

November 3, 1977

*Bob. Should
There not be a
limit in any one
year? In afraid
of abuse
JC*

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Executive Order: Payment of Educational
Benefits to Veterans and Dependents When
Schools are Temporarily Closed to Conserve
Energy

Federal law precludes the payment of VA educational benefits to veterans for any days of absence from school in excess of thirty days per year (excluding certain holidays). The law further provides, however, that payments may continue during periods when schools are temporarily closed under an established policy based upon an Executive Order of the President.

The attached order, which was submitted by the Veterans Administration, would implement this legal exception by permitting payments during periods when schools are temporarily closed between semesters or terms in order to conserve energy. Such school closings are planned in Ohio in the near future, and the Executive Order is needed in order to permit veterans to continue receiving their payments.

We recommend that you sign the attached order.

_____ Approve

_____ Disapprove


Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

November 7, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Robert Lipshutz 

RE: Executive Order: Payment of Educational Benefits to Veterans and Dependents When Schools Are Temporarily Closed to Conserve Energy

The attached Executive Order would permit VA payments to veterans and dependents during periods when schools are temporarily closed between semesters or terms to conserve energy. Your note on a previous draft of this order stated that you were concerned about possible abuse.

Although the VA originally intended that such authority would normally be utilized only once a year, an explicit sentence to this effect has been added to Section 1 of this revised order.

The revised order meets your concern. We recommend that you sign it as soon as possible, as the Ohio Congressional delegation has a pressing interest in this matter.

_____ Approve

_____ Disapprove

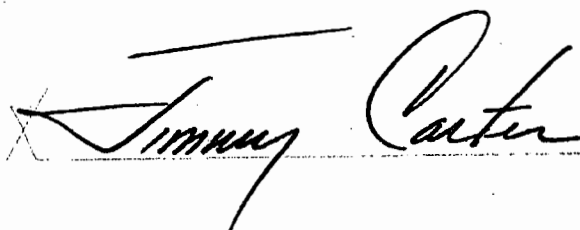
EXECUTIVE ORDER

PAYMENT OF EDUCATIONAL BENEFITS TO VETERANS
AND DEPENDENTS WHEN SCHOOLS ARE TEMPORARILY
CLOSED TO CONSERVE ENERGY

By virtue of the authority vested in me by clause (A) of Section 1780(a) of Title 38 of the United States Code, and as President of the United States of America, in order to establish a national policy in regard to payment of educational benefits to veterans and their dependents during periods in which schools are closed to conserve energy, it is hereby ordered as follows:

Section 1. Whenever an educational institution submits evidence which satisfies the Administrator of Veterans' Affairs that energy consumption will be abnormally high during the winter months or that available energy supplies will be inadequate to meet the needs of the school, and that, in the interest of energy conservation, the institution plans to close between semesters or terms for a period not to exceed 45 days, the Administrator may continue to pay monthly educational assistance benefits to veterans and eligible persons enrolled in such schools. Such authority may be exercised only once during any 12-month period with respect to any educational institution.

Sec. 2. The Administrator shall advise veterans and other eligible persons of the effect of accepting educational assistance benefits under the provisions of Section 1 of this Order on their period of entitlement.

A handwritten signature in dark ink, appearing to read "Jimmy Carter", is written over a horizontal line. The signature is fluid and cursive.

THE WHITE HOUSE,